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# STATE OF INDIANA

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**DISTRESSED UNIT APPEAL BOARD**



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## **Distressed Unit Appeal Board Meeting Memorandum**

**January 16, 2020**

**Call to Order:** A meeting of the Distressed Unit Appeal Board (“DUAB” or “Board”) was held on January 16, 2020, at 2:00 p.m. Eastern at the Indiana Government Center South Building, Conference Room B, 402 W. Washington Street, Indianapolis, Indiana. Members of the Board attending the meeting in-person include Justin McAdam, Chairman, Wes Bennett, and Paul Joyce. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman McAdam called the meeting to order and recognized compliance with the Open Door Law.

Chairman McAdam introduced agenda item three – Approval of Minutes and Memorandums. Mr. Bennett made a motion to accept the minutes as presented. Mr. Joyce seconded the motion. The motion passed 3-0.

Chairman McAdam introduced agenda item four – Gary Community School Corporation (“GCSC”) Emergency Manager Update. Dr. Morikis overviewed GCSC’s coat drive and performing arts programs as well as maintenance repairs and cleaning that took place over the holiday break. He noted the transition to energy efficient fixtures. Chelsea Whittington overviewed GCSC’s communication strategy and achievements, focusing specifically on their recent visit from the Jackson brothers and planned MLK Day events. She also highlighted the launch of West Side Theater Guild (WSTG) TV studio and their talk show “A Day in the District”. Chairman McAdam asked if GCSC has been able to partner with any higher education institutions on WSTG. Ms. Whittington said that they had not done so yet, but have many in-house experts. Mr. Bennett asked if the students receive credit for their participation in WSTG. Ms. Whittington answered that it is part of the fine arts curriculum and that there is also a community component. Mr. Joyce suggested looking into partnering with higher education institutions such as Vincennes University.

Chairman McAdam introduced agenda item five – Consideration of Gary Community School Corporation’s Property Insurance. Eric Parish explained that it is time for the annual renewal of GCSC’s property insurance. He explained that it was a multi-month process to get to this point and that GCSC’s history of problems with their buildings presents a large challenge during the renewal process. He said that they went through 50 potential carriers and found that 45 or so would not offer coverage. Mr. Parish explained that two things working against them was the national history of insurance and GCSC’s previous claims, while their up-to-date inventory list was working for them. He said that their recommendation is not very different from years past. Chairman McAdam clarified that this is better than where GCSC had been in the past and Mr. Parish agreed. Mr. Joyce asked what claims had been paid out in the past and Mr. Parish answered that Roosevelt and the Career Center each have had claims. Ms. Schaafsma directed the Board to a list of major events in their packets. Chairman McAdam brought up a pooling option to see if it is feasible for GCSC. Mr. Parish answered that they are working toward that but just not there yet. Mr. Bennett asked what GCSC is doing to mitigate the possibility of water damage. Mr. Parish answered that the preventative maintenance work or the front end will offset the risk. Mr. Bennett made a motion to accept the recommendation. Mr. Joyce seconded the motion and asked how the two policies work together. Mr.

Parish explained that they are layered and that it allows multiple carriers to assume the risk. The motion passed 3-0.

Chairman McAdam introduced agenda item six – GCSC Update and Recommendation on the Roosevelt Building. Mr. Parish explained that the innovation network agreement with EdisonLearning to operate with autonomy while GCSC maintains the buildings still has two and a half years left. He explained that Roosevelt was built in 1922 and that most of the systems are original. He explained that the building is heated by a boiler system and that extreme weather in February 2019 caused the pipes to freeze and burst causing much water damage. He explained that this started a cycle of fixing the pipes behind the walls, testing the system, new sections would be fine while old sections of pipe would burst, repairs would be made, and the cycle would repeat. Mr. Parish explained that as a result of this, students were relocated to the Career Center. He explained that the repairs are challenging to make because there is no map of the pipes resulting in comprehensive repairs being estimated at \$6-10 million. He explained that insurance was engaged at this time, although they would only cover damages related to the damaged pipes and not all repairs necessary to get the building up to occupancy standards. He explained that in the summer of 2019 a community forum was held on this topic and the consensus was that the community wanted more than one estimate, specifically an estimate from Powers and Sons construction company. He explained that their estimate was \$9.65-15 million. Mr. Parish made the recommendation to close Roosevelt as a GCSC school building due to the cost of repairs being too high and GCSC not having the resources to get the building up to occupancy. Mr. Parish explained that GCSC will do everything they can to keep the building preserved and intact.

Mr. Joyce clarified that this does not mean making the repairs and Mr. Parish agreed. Chairman McAdam asked for clarification on what he means by preserve. Mr. Parish explained that one path could be turning it over to a historical society or preservation group that will keep the legacy attached to it. Chairman McAdam asked what the community wanted. Mr. Parish explained that the school and the building were two different things, but the preservation of the legacy tied to the building is what is important. Mr. Joyce asked how big the building is. Mr. Parish answered that his records show that it is 700,000 square feet and built for 4,000 students. Mr. Joyce referenced other schools preserving their gym and offices. Mr. Parish explained that blocking off a smaller footprint and returning students to the building was not an option. Chairman McAdam asked how many students were there last year. Mr. Parish said there were fewer than 500 students that moved to the Career Center. Chairman McAdam asked what the next steps would be. Mr. Parish explained that communication with the community will be key and all hands on deck with preserving Roosevelt will be necessary. Mr. Joyce asked if there had been any groups interested in preserving the building and Mr. Parish said that there had been interest but no resources to carry it out. Mr. Bennett asked what the timeline for the repairs would be if they did have the money. Mr. Parish explained that it would take a minimum of 12-18 months. Mr. Bennett asked about winterizing the building and Mr. Parish explained that the building has been drained, sealed, secured and monitored. Mr. Joyce asked what repairs would be covered under the estimate and Mr. Parish explained that it would bring the building up to occupancy. Chairman McAdam clarified capacity and headcounts. Mr. Parish said that this was not rushed or taken lightly. Chairman McAdam asked if he had spoken with Edison and Mr. Parish said he had. Chairman McAdam explained that it is DUAB's practice to wait to vote until after a community session has been held and feedback is returned. Mr. Parish said that he will work to schedule that immediately. Mr. Bennett asked when this might be addressed and Mr. Parish explained that they usually hold these meetings within 30 days.

Chairman McAdam asked if there was any new business and seeing none adjourned the meeting.